



**DEFENSE CONTRACT AUDIT AGENCY**  
**DEPARTMENT OF DEFENSE**  
8725 JOHN J. KINGMAN ROAD, SUITE 2135  
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PAC 730.32/2002-18

September 27, 2002

02-PAC-070(R)

**MEMORANDUM FOR REGIONAL DIRECTORS, DCAA**  
**DIRECTOR, FIELD DETACHMENT, DCAA**

**SUBJECT:** Audit Guidance on the Purpose and Applicability of Guidance Issued by  
Director, Defense Procurement

On September 10, 2002, the Director, Defense Procurement (DDP) issued the attached memorandum describing the purpose and applicability of guidance issued by DDP. The memorandum states that DDP guidance is to be used by Government contracting personnel in negotiating and administering contracts, and is not legally binding on contractors.

Regions and FAOs should ensure that the appropriate regulatory reference be cited in audit reports. This would apply to situations, for example, when FAOs formulate audit opinions using the DDP guidance on cost accounting practice changes.

If FAO personnel have any questions on the subject, they should contact regional personnel. If regional personnel have any questions, they should contact Lydia Funk, Program Manager, Accounting and Cost Principles Division at (703) 767-3250.

/Signed/

Lawrence P. Uhlfelder  
Assistant Director  
Policy and Plans

Enclosure  
a/s

DISTRIBUTION: C



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

DP/CPF

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

September 10, 2002

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
ACTING DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(POLICY AND PROCUREMENT), ASA(ALT)  
DEPUTY FOR ACQUISITION AND BUSINESS  
MANAGEMENT,  
ASN(RD&A)/ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
EXECUTIVE DIRECTOR, LOGISTICS POLICY AND  
ACQUISITION MANAGEMENT (DLA)

SUBJECT: Purpose and Applicability of Guidance Issued by Director, Defense  
Procurement

Concerns have been expressed regarding the purpose and applicability of guidance issued by the Director, Defense Procurement. Guidance issued by the Director, Defense Procurement represents procurement policy to be applied by Government contracting personnel in negotiating and administering Government contracts. The guidance is not legally binding on contractors. When contracting issues arise, contracting personnel should cite the applicable regulatory reference (e.g., Federal Acquisition Regulations, Cost Accounting Standards) or specific contract clause that supports the Government position.

If you have any questions regarding this memorandum, please contact  
Mr. David J. Capitano, Senior Procurement Analyst, at 703-602-4245.

A handwritten signature in cursive script, appearing to read "Deidre A. Lee".

Deidre A. Lee  
Director, Defense Procurement

